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GOVERNOR

STATE OF TENNESSEE  
**DEPARTMENT OF EDUCATION**  
DIVISION OF SPECIAL EDUCATION  
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**LANA C. SEIVERS, Ed.D.**  
COMMISSIONER

TEIS MEMORANDUM #07-010

TO: TEIS District Administrators,  
TEIS Data Managers  
OEC Central Reimbursement Office Staff

FROM: Jamie Thomas Kilpatrick, Director  
Office of Early Childhood Programs, Division of Special Education

COPY: Mr. Joseph Fisher, Assistant Commissioner

RE: **Use of Part C Funds for Payment of Services/TRICARE**

DATE: December 1, 2007

The Division of Special Education's Office of Early Childhood (OEC) has been working with the Office of Special Education (OSEP) reviewing Part C assurances. The office is currently conducting an extensive review of training documents related to upcoming fiscal audits of Tennessee's use of Part C funds.

Based on this document review and current Tennessee fiscal practices, several fiscal concerns have been noted. In an attempt to be proactive about these compliance issues, it is necessary to provide written clarification for TEIS policies and procedures. The Division of Special Education is committed to full compliance with OSEP'S fiscal concerns related to our state's use of Part C funds and full compliance with IDEA 2004.

A review of Tennessee's current policies highlighted the inconsistency of the payor of last resort provisions, which only allows for temporary reimbursement pending reimbursement from the agency that has the ultimate responsibility for the payment. **Effective February 1, 2008, TEIS Point of Entry District Offices will cease the practice of supplanting other government benefits provided via TRICARE funding for all Part C required services including evaluations.**

Therefore, if a child's health benefit is TRICARE, the key component for TEIS District Service Coordinators' responsibilities will be to coordinate those government benefits to ensure receipt of appropriate EI services by an eligible child in a timely fashion. Henceforth, TEIS is not to be a payor source for any Part C service covered by TRICARE. In the Planned Services section of TEIDS, Service Coordinators will no longer enter TRICARE as Payor Source #1 with TEIS as Payor Source #2. TRICARE must be listed as sole payor.

Any Part C payments for children covered by TRICARE in the future will only be allowable when the state lead agency receives direct reimbursement from the payor source that has the ultimate responsibility for the payment.

The OEC is committed to working with all parties involved to an appropriate resolution of these concerns. Department of Education procedures will immediately be put into place to ensure full compliance with this policy and practice.